



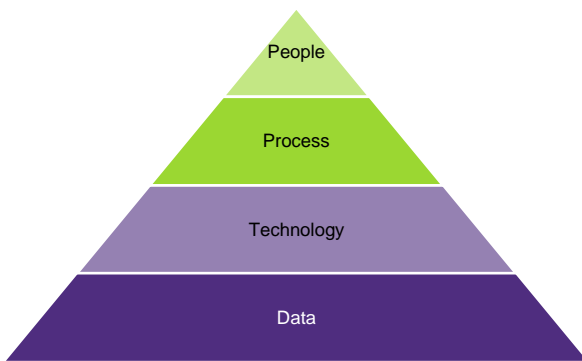
# Data analytics to identify VAT recovery opportunities

Quality tax data should be the foundation of any tax and finance function. While Making Tax Digital and digital submission requirements across Europe point to the future of VAT reporting and tax authority audits, there is still an opportunity to run data analytics on historic tax and transactional data to identify and quantify VAT recovery opportunities – generating cash and improving cashflow for the business.

## Turning data into insights and opportunity

Data analysis can provide deeper insights into a business' supply chain and tax policy applied in systems. The use of data analytics on tax and transactional data can also provide greater transparency and insights into VAT related risks, as well as helping identify and quantify opportunities to recover additional VAT on costs and expenses.

The use of technology now makes it possible to run targeted and bespoke data analytical checks on complete data sets – analysing thousands of lines of data, providing the business with increased efficiency and calibre of insight, and HM Revenue & Customs with faith in the quality and granularity of data supporting a voluntary disclosure or VAT return.



Tax aligned financial data in the foundation

Our methodology uses our own bespoke data mining software to run a series of different tests focused on identifying risks and opportunities. We use bespoke dashboards and reporting to help visualise the discrepancies, errors or exceptions.

Although our tests will be specific to each individual business, in our experience, the following typical results have resulted in cash and cashflow savings:

- identifying where output VAT is greater than expected
- identifying where input VAT is less than expected
- identifying opportunities to recover non-UK VAT
- Identifying opportunities to recover VAT on employee expenses
- quantifying VAT bad debt relief claims
- quantifying a value for input tax accruals
- identifying VAT which has been charged in error
- identifying duplicate invoices
- identifying accounts payable transposition errors

Our VAT experts then use experience and knowledge to analyse and further refine the results of the tests and work with the business to review sample documentation and quantify opportunities for VAT recovery. We can assist with the preparation of voluntary disclosures to HMRC – sharing the data in tabulated form split by VAT return period.

## How we can help

Grant Thornton's national indirect tax team have experience in undertaking specialist VAT reviews. Our team of VAT experts, Tax Technologists and data analysts combine technical VAT expertise combined with functional system and data skillsets in one project team.

If you would like to discuss how we may help you get through this difficult period by identifying VAT recovery opportunities through the use of data analytics, please feel free to make contact with one of our VAT specialists.

## Contact us



**Alex Baulf**  
Director  
Indirect Tax  
T +44 (0)20 7728 2863  
E alex.baulf@uk.gt.com



**Jay Yoganathan**  
Associate Director  
VAT analytics  
T +44 (0)20 7728 2402  
E Nadia.Klastornaja@uk.gt.com



**Nadia Klastornaja**  
Manager  
VAT analytics  
T +44 (0)20 7728 2402  
E Nadia.Klastornaja@uk.gt.com